

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1636-01
Bill No.: HB 569
Subject: Children and Minors; Health Care; Health Care Professionals; Insurance - Medical
Type: Original
Date: February 23, 2009

Bill Summary: Changes the law to provide a health insurer with forty-five processing days, not calendar days, to pay a claim, and requires group health insurers to offer coverage for autism spectrum disorders.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Unknown less than \$50,000)	(Unknown, could exceed \$35,000)	(Unknown, could exceed \$35,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown less than \$50,000)	(Unknown, could exceed \$35,000)	(Unknown, could exceed \$35,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Insurance Dedicated	\$0 to \$5,600	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to \$5,600	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Federal	\$0*	\$0*	\$0*
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0*	\$0*	\$0*

* Income and expenditures unknown, could exceed \$65,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services** and **Missouri Department of Transportation** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Missouri Department of Conservation (MDC)** would not appear to have a fiscal impact on MDC funds since it does not include self-insured plans.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state treatments for Autism Spectrum Disorders are currently covered by the HCP. The current plan design allows up to 60 visits per incident per calendar year for Physical, Speech and Occupational therapy. The HCP also covers prescription drugs. Therefore, the proposed legislation does not fiscally impact the HCP.

Officials from the **Department of Public Safety (DPS) - Directors' Office** state they are unable to determine the fiscal impact of the proposal and defer to the Missouri Consolidated Health Care Plan for response regarding the potential fiscal impact.

Officials from the **DPS - Missouri State Highway Patrol (MHP)** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Department of Mental Health (DMH)** state it appears that none of the current individuals being served through the autism program will be eligible for insurance coverage under this bill. It also appears that insurance coverage would not be available to individuals on the autism waiting list because they are receiving case management services. Therefore, the proposal has no fiscal impact on the DMH.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** estimate up to 90 insurers and 22 HMOs (from 2007 supplemental data reports) would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be \$0 to \$5,600.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews, the DIFP will need to request additional staff to handle the increase in workload.

ASSUMPTION (continued)

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (MHD)** provided the following assumptions:

Sections 376.383 Claim Payment Deadline

The proposed legislation extends the amount of time a health carrier has to process a claim, therefore decreasing the amount of interest collected. The amount of interest collected by the MHD from health carriers has, historically, been very insignificant; therefore, the fiscal impact to the MO HealthNet Division would be immaterial.

Section 376.1214 Coverage for Autism

This legislation does not revise Chapter 208, RSMo, therefore, it does not affect MO HealthNet eligibility or benefits.

This legislation does revise Chapter 376, RSMo. The MHD assumes that since there is no specific exemption for contracts with the state, the legislation will pertain to HMOs that contract with the state to provide health benefits to MO HealthNet Managed Care participants.

MHD recognizes there may be additional costs of doing business for HMOs if this legislation passes and that those costs may be passed on to the MHD. The MHD may incur additional costs for an actuarial analysis to determine if capitated rates should be adjusted for the additional costs incurred by the HMO.

If an actuarial analysis is needed it will occur in the first year and is a one-time cost. The cost of the analysis will depend on the number of program changes that will need to be analyzed as well as the complexity of those changes. This cost is unknown, but may be as high as \$100,000. Since this is an administrative cost there will be a 50% federal match rate.

If the HMOs are required to provide additional benefits and the MHD's current rates don't support those costs, the actuary may require an increase in capitated rates to ensure actuarial soundness.

If this occurs, the cost to the MHD is unknown, but could exceed \$100,000 annually. These additional costs would occur in the second and third years.

FY10: Total cost is unknown < \$100,000 (GR unknown < \$50,000)

FY11: Total cost is unknown, could be > \$100,000 annually

FY12: Total cost is unknown, could be > \$100,000 annually

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
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GENERAL REVENUE FUND

Costs - DOS

Increase in program costs	<u>(Unknown less than \$50,000)</u>	<u>(Unknown, could exceed \$35,000)</u>	<u>(Unknown, could exceed \$35,000)</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown less than \$50,000)</u>	<u>(Unknown, could exceed \$35,000)</u>	<u>(Unknown, could exceed \$35,000)</u>
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INSURANCE DEDICATED FUND

Income - DIFP

Form filing fees	<u>\$0 to \$5,600</u>	<u>\$0</u>	<u>\$0</u>
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ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$0 to \$5,600</u>	<u>\$0</u>	<u>\$0</u>
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FEDERAL FUNDS

Income - DOS

Increase in program reimbursements	Unknown less than \$50,000	Unknown, could exceed \$65,000	Unknown, could exceed \$65,000
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Costs - DOS

Increase in program costs	<u>(Unknown less than \$50,000)</u>	<u>(Unknown, could exceed \$65,000)</u>	<u>(Unknown, could exceed \$65,000)</u>
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ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0*</u>	<u>\$0*</u>	<u>\$0*</u>
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* Income and expenditures unknown, could exceed \$65,000 annually and net to \$0.

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

The proposal could result in an increase in health insurance costs paid by small businesses that provide health insurance for employees.

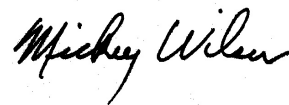
FISCAL DESCRIPTION

Health insurance carriers offering health benefit plans which are delivered, issued, continued, or renewed on or after August 28, 2010, must offer group coverage for autism spectrum disorder (ASD) for necessary medical services for enrollees diagnosed with the disorder. Any individual providing the medical services must be a licensed health care practitioner. Coverage for ASD can be subject to plan restrictions, exclusions, and limitations and will not include services, supplies, or equipment that comes from a publicly funded program, is provided by a family member or unlicensed provider, is considered educational or instructional, or is not directly provided to the individual with ASD.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Missouri Department of Transportation
Department of Public Safety -
 Director's Office
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation



L.R. No. 1636-01
Bill No. HB 569
Page 7 of 7
February 23, 2009

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February 23, 2009

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